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KENNEDY FIGHTS FOR WORKING AMERICANS

Kennedy questions experts on economic downturn

United States Joint Economic Committee Hearing

(As Prepared for Delivery)

I commend Senator Schumer for holding this important hearing today about a deepening concern that is on so many Americans' minds – the troubled state of the nation's economy. And I join in welcoming our distinguished witnesses. Larry Summers is one of the nation's pre-eminent economists, and so is Larry Mischel, whom I've worked with for many years. I also welcome William Beach from the Heritage Foundation, and look forward to his testimony as well.

Americans are increasingly anxious about making ends meet. Many economists say a recession is coming and it may be severe. For millions of families, the recession is already here. They're seeing their jobs disappear, their savings gone, their homes at risk, and their costs going up week after week, month after month.

We're committed to action to stabilize the economy and relieve the distress that families are facing. We'll work with President Bush and our colleagues on both sides of the aisle in Congress to pass an effective stimulus package, but we've got to adhere to some core principles.

First, anything we do should be quick and temporary. We need to get money into workers' pockets in 2008 to encourage spending and boost the economy. What we don't need are long-term tax cuts that will drag our economy down in future years.

Second, our plan should be focused on average Americans facing tough times. 90% of the benefit of any stimulus package should go to the 90% of ordinary Americans who work for a living, depend on their paycheck, and struggle to pay their bills. They are the ones who will make our economy start growing the fastest again.

Third, we need a robust package of reforms. We can't just tinker at the margins. Americans need real help that will make a real difference in their lives, and they need it as soon as possible.

That means additional unemployment benefits to help workers pay their bills while they look for new jobs. It means transitional health coverage, so workers don't lose their insurance if they lose their jobs. It means assistance to states, so they aren't forced to cut their budgets for critical necessities like Medicaid. It means emergency heating assistance for families swamped by the soaring cost of energy.

It also means emergency job training to help workers quickly gain the skills they need for new jobs. And we must increase food stamps so that low income workers can feed their families.

Last, but far from least, we should consider an immediate tax rebate for low and middle income families. A rebate makes sense as another effective way to help jump-start the economy, but we must be careful to reject any attempt to use this current crisis as a pretext for permanent new tax breaks for the wealthy or for Corporate America.

In all these efforts, we must be guided by a simple principle: People do not work for the economy; the economy should work for people. If we want an economic recovery that works – if we want real opportunity and sustainable growth – that effort starts and ends with working families.

Our economy is at a crossroads and we must act carefully to choose the right path for the future. It's time to rebuild an economy that puts working families first. I'm confident that we can do it, and I'm certain that we must do it. We owe the American people our best efforts, and I look forward to working with my colleagues on both sides of the aisle to put our economy back on track.

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